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GENERAL INFORMATION - continued

Other sources are not considered revenue to the county at all under generally accepted accounting principles. Examples would be grant or entitlement moneys received for a school district or special purpose district, as well as certain fines and permit fees that are distributed 100% to the State.

Moneys collected that are required by statute to be remitted to the State are initially credited to a designated agency fund by the county treasurer. The Budgetary, Accounting and Reporting System (BARS) for Montana Cities, Towns and Counties has assigned specific fund numbers and names for the required agency funds. The moneys in these funds are then required by statute to be remitted to the State monthly.

Although those moneys collected by the county treasurer for other governments such as the State are not recorded as revenue for the county under generally accepted accounting principles, they are receipted for by the county, credited to agency funds maintained by the county, and deposited in county bank accounts and invested along with other county moneys. The receipt of these moneys by the county treasurer is required by State statute and the distribution of these moneys by the county treasurer must be made in the manner required by State statute.

Auditors are required by the standard audit contract to “determine that the Entity has complied with all appropriate statutes and regulations...” Therefore, although the collection of moneys for the State and other governmental entities may not be “GAAP revenue” to the county, it is collected and distributed by the county under the provisions of the Montana Code Annotated, and the auditor should perform sufficient testing of the receipt and distribution of these moneys to ensure that the county is complying with all applicable laws and regulations.

Compliance supplement *CNTY-3 - Counties - Revenues/Receipts* contains a listing of the most common sources of revenues/receipts collected by counties. This listing includes collections that are recorded as GAAP revenue for the counties as well as other moneys that are collected by the counties for the State and other governmental entities. This listing should be utilized in testing for the collection and distribution of moneys collected by the county for the State and other governmental entities.

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I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

1. Compliance Requirement:

- Compliance supplement *CNTY-3 - Counties - Revenues/Receipts* contains a schedule of revenues/receipts commonly received by counties, along with the source and required distribution and/or use of the revenues/receipts. In addition, the section of the Montana Code Annotated or other authorization that is applicable has been noted. Unless otherwise noted, references are to the Montana Code Annotated. For certain revenues/receipts that are distributed to the counties by State agencies, a cross-reference to the specific section of the *Montana Compliance Supplement* dealing with that revenue or program has been provided. More detailed information can be found in that section.

Suggested Audit Procedure:

- As part of the general testing of the county's revenues/receipts, and for other selected revenues/ receipts as determined by the auditor, verify that revenues/receipts are distributed to the various funds (including agency funds) and taxing jurisdictions in accordance with the schedule contained in compliance supplement *CNTY-3*.

2. Compliance Requirements:

- Included in the schedule of revenues/receipts contained in compliance supplement *CNTY-3 - Counties - Revenues/Receipts* are collections made by county treasurers which are to be remitted, in part or in whole, to the State Department of Revenue. These collections are found on the State remittance form ("County Collection Report to the Department of Revenue") which is to be remitted to the State monthly (Section 15-1-504, MCA). (**Note: Counties may transmit the "County Collection Report" to the State electronically (via E-mail or computer disk) or by mailing a hard copy of the "County Collection Report".**)
- **Beginning July 1, 2006**, the county treasurer shall remit to the Department of Justice/Motor Vehicle Division by the 20th of each month all state money that was collected by the county treasurer due to motor vehicle, vessel, and snowmobile transactions during the preceding month. The remittance must be accompanied by a detailed report upon a form prescribed by the Department of Justice. (Section 15-1-504, MCA) (Note: See CNTY-3 for the source and distribution of common receipts. The distribution of motor vehicle fees/taxes begins on page 37 of 58 of that section.)

Suggested Audit Procedures:

- Obtain copies of selected monthly "County Collection Reports."
- Test remittances to the State to ensure that all moneys collected by the county treasurer and credited to the various agency funds maintained for State collections are properly recorded on the "County Collection Report" and remitted to the State in accordance with State statutes. (**Note: See Compliance Requirement No. 9 in CNTY-1 – "Counties – General Topics" for additional information.**)

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I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

3. Compliance Requirement:

- Section 20-9-212, MCA, requires the county treasurer to invest, within three working days of receipt, money received from:
 - (a) the basic county tax for elementary equalization (33 mills)(BARS Fund No. 7529);
 - (b) the basic county tax for high school equalization (22 mills) (BARS Fund No. 7531);
 - (c) the county tax levy in support of the transportation schedules (BARS Fund No. 7820); and
 - (d) the county tax levy in support of the elementary and high school district retirement obligations (BARS Fund Nos. 7840 & 7830, respectively).

The money must be invested until the working day before it is required to be distributed to school districts within the county or remitted to the State. All investment income must be deposited proportionately in the funds established to account for the taxes received. The county treasurer is required to remit the interest earned on the basic county tax for elementary education (33 mills) and the basic county tax for high school equalization (22 mills) to the State on a monthly basis. (Section 20-9-212(12), MCA)

Suggested Audit Procedure:

- Verify that the county treasurer has invested money received from the sources listed above within three working days of receipt. Verify that interest earnings are allocated proportionately to each of these funds, and remitted to the State on a monthly basis as required.